

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2003-111

June 30, 2003

BANGOR GAS COMPANY, LLC
Proposed Cost of Gas Adjustment
(\$4703) for the Summer 2003 Period --
Mid-Course Adjustment

ORDER APPROVING
MID-COURSE CORRECTION

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

We approve Bangor Gas Company LLC's (Bangor Gas or BGC) revised Energy Charge and Past Gas Cost Adjustment¹ to be effective July 1, 2003 as requested in its June 3, 2003 filing and as updated on June 26, 2003.²

II. PROCEDURAL HISTORY

On June 6, 2002, in accordance with its mid-course correction procedures approved by the Commission in its October 30, 2002 Order in Docket No. 2002-83,³ Bangor Gas filed a proposed Mid-Course Adjustment to its Summer 2003 CGA rates to become effective July 1, 2003. BGC's proposal increases the Energy Charge from \$0.579 to \$0.618 per therm and increases the Past Gas Cost Adjustment from \$0.014 to \$0.026 per therm. This results in an 5.56% increase in the energy component of BGC's rates.

The Company placed a notice of the filing to change its rates in the June 4, 5, and 6 editions of the Bangor Daily News with an intervention deadline of June 12, 2003. The Commission did not receive any interventions. The Office of Public Advocate (OPA) intervened in the original summer filing and therefore continues as a party in this

¹ The Energy Charge and the Past Gas Cost Adjustment (PGCA) constitute Bangor Gas's Cost of Gas Adjustment (CGA).

² Bangor Gas selected the date of June 26th to make its last update to its request in order to reflect the final July 28 settlement price to the July NYMEX contract as well as to use the most recent futures available for the estimates used for the other summer months.

³ Bangor Gas filed its mid-course correction earlier than stated in its approved Mid-Course procedures (the seventh day of the third month following the effective date of the last cost of gas adjustment change), responding quickly to increases in commodity costs occurring early in the summer period in an effort to mitigate accrual of large anticipated under-collections.

case. The OPA has raised no issues on this mid-course filing and has waived the right to a written Examiner's Report and its opportunity to file exceptions.

III. DESCRIPTION OF BANGOR GAS'S PROPOSED MID-COURSE RATE ADJUSTMENT

Bangor Gas's proposal calculates its revised CGA rate in a manner identical to that used to calculate its initial Summer CGA rate. It has changed the inputs due to the increase in the cost of gas and proposes to increase its Past Gas Cost Adjustment for a significant under-collection that occurred in May 2003.

A. Energy Charge

BGC calculates its Energy Charge using the NYMEX futures prices as an estimate for its commodity costs. The prices for the remaining summer period have increased from those used in the original filing. As a result, Bangor Gas has substituted the futures prices as of June 25, 2003 for July, August, September and October, while using its original estimate of sales in its calculation. BGC did not make any other changes in its Energy Charge. Accordingly, the proposed increase in the Energy Charge is a result of the changes in the commodity market futures prices only.⁴

B. Past Gas Cost Adjustment

During May 2003, natural gas commodity market prices were significantly higher than the original futures-based estimate used to calculate the CGA rate causing an under-collection of \$7,160 for that month. Bangor Gas currently estimates a minimal under-collection for June but does not propose to change its PGCA to reflect this due to the uncertainty of its current estimate for June. The Company proposes to recover the May 2003 under-collection in the 2003 summer period. To do so, Bangor Gas added \$7,160 to the remaining under-collection from Summer 2002 of \$5,021 to get a total under-collection of \$12,181. It then divided this total by its estimated sales for the remaining summer period and has proposed to change its PGCA to \$0.026 per therm for the remainder of the summer period.

IV. ANALYSIS

Bangor Gas's changes to the Energy Charge are a direct result of changes in market conditions and, therefore, corresponding and timely changes in the rate that customers pay are useful to send the correct price signal.

Bangor Gas calculates its PGCA utilizing a simple formula of the total over- or under-collection divided by the estimated load. The rate is then applied to all sales made by BGC. Due to the unexpected changes in the commodity rate, Bangor Gas

⁴ Bangor Gas's unit cost for transportation (pipeline capacity used to transport the commodity to the city gate) does not change with changes in throughput.

experienced a substantial under-collection for May 2003. By changing the PGCA now rather than deferring it to next summer, Bangor Gas will more directly charge the customers who contributed to the under-collection and provide a better matching of revenue responsibility with the cost of service. In addition, folding the recovery of the under-collection for May 2003 into the remainder of this summer period will help to reduce the total period under-collection, somewhat mitigating a potentially burdensome PGCA for the 2004 summer period. Because expectations as reflected in the future are that natural gas market prices will remain high as compared to the prior year, we believe early mitigation of the PGCA is wise.

V. CONCLUSION

We find that Bangor Gas's proposed Mid-Course Adjustment to its Energy Charge and to its Past Gas Cost Adjustment reasonably addresses the change in market price of the gas commodity and the current May 2003 under-collection.

Accordingly, we

ORDER

1. That Bangor Gas's proposed revised Cost of Gas Adjustment rate of \$.618 per therm shall take effect for gas consumed on or after July 1, 2003;
2. That Bangor Gas's proposed revised past gas cost adjustment of \$0.026 shall take effect for gas consumed on or after July 1, 2003; and
3. That Bangor Gas's Thirteenth Revised Sheet Nos. 48 and 49 constituting its Cost of Gas Adjustment for the period July 1, 2003 through October 31, 2003, filed on June 27, 2003, are approved.

Dated at Augusta, Maine, this 30th day of June, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Diamond

COMMISSIONER ABSENT: Nugent

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.